

Heart Transplants Are 'Tragic,' Briton Says

SALFORD, England, Sept. 3 (AP) — Heart transplant operations are a "tragically inappropriate" if not "obscenely irrelevant" way of dealing with heart disease, a British health expert charged yesterday. But surgeons conducting the operations pledged to carry on despite the deaths of half their patients.

Dr. Peter Draper, who directs the health policy study unit at London's famed Guy's Hospital, said that the transplant of 25 hearts in Britain in 12 years is an insignificant development compared to Britain's annual toll of 160,000 deaths from heart disease. Addressing the British Association for the Advancement of Science, he said that a similar case, though less strong, could be made against much open-heart surgery.

Thirteen of the 25 British heart transplant patients have died. Only one, a 53-year-old London man who received his substitute heart about 13 months ago, has survived longer than a year.

Dr. Draper argued that primary prevention of heart and blood vessel diseases, which cause nearly half of all deaths in Britain, is neglected. "We could significantly reduce smoking, obesity, de-stress and the other factors that cause heart disease," he said.

"We have a lot of sympathy for what Dr. Draper is saying," a hospital spokesman said. "But if he is saying that people who turn up for complex heart surgery should be told to go away because we are spending the money entirely on prevention, we do not agree. That would be inhuman."

Gulf States Agree to Fund Broad UN Social Projects

By Joseph Fitchett

PARIS, Sept. 3 (IHT) — Saudi Arabia, Iraq and other Arab oil-exporting states in the Gulf have agreed to fund a multimillion-dollar foundation to finance social development activities of the United Nations, according to Saudi Arabian Prince Talal Ben Abdul-Aziz.

UN officials, who predicted that the aid could amount to several hundred million dollars, said the new financial facility is a significant step in channeling more Arab aid through multilateral organizations. In the past, Western governments have criticized nations in

the Organization of Petroleum Exporting Countries for restricting some of their aid to bilateral help for other Muslim states.

After proposing the Saudi Arabian initiative to other Gulf leaders, Prince Talal came to Europe to meet French President Valéry Giscard d'Estaing, today, and then West German Chancellor Helmut Schmidt.

He wants European governments to increase UN aid in response to the Arab donation.

Heads of the main UN fund-raising agencies consulted the Arab emissary last weekend in France. Prince Talal said in an interview that Gulf governments agreed to give more UN aid, especially to UNICEF, which specializes in development projects to help children.

The Arab funds will be available for projects anywhere in the Third World, not just the Middle East, he said, adding: "There is no difference between a Muslim, Jewish or Christian child."

Prince Talal said that he expects the fund to start operating in October, after a meeting in Saudi Arabia to appoint its trustees. Prince Talal, a brother of Saudi Arabia's King Khalid, was one of the liberal "free princes" who lived briefly in exile in Egypt in the 1960s before returning home. Since he became a UN fund-raiser last May, he has raised millions of dollars in aid, including a \$6-million contribution for UNICEF from a single Saudi family.

Rebel Hideouts Raided in Syria

DAMASCUS, Sept. 3 (AP) — Syrian security forces stormed two hideouts of the outlawed Muslim Brotherhood in Aleppo, killing 16 members and seizing a large quantity of arms, the official Syrian news agency reported.

One hideout was at the Salhin quarter, where six criminals were killed and about two tons of explosives were confiscated, the agency said.

At the other hideout, 10 reputed members, including a woman, were killed and documents and ammunition were seized, the agency said. The Muslim group is engaged in a war of sabotage against President Hafez al-Assad's regime.

Approve EEC Referendum

British Unions Reject Thatcher's Pay Curb

BRIGHTON, England, Sept. 3 (AP) — British trade unionists today rejected appeals from Conservative Prime Minister Margaret Thatcher for restraint on wage claims, voting instead for a new understanding on pay with the opposition Labor Party, the unions' traditional ally.

In their annual convention at this seaside resort, the 1,200 delegates of the Trades Union Congress, Britain's chief labor confederation, also voted by a narrow margin to urge the government to hold a referendum on Britain's continued membership in the European Economic Community.

Common Market policies are blamed for more expensive food and for Britain's paying the highest contribution to the EEC budget.

The convention listened to hours of speeches attacking government and inflation policies of high interest rates and public spending cuts. Speakers blamed the policies for making 2 million persons unemployed — 8.3 percent of the work force — and putting hundreds of thousands more on short time.

'Hefty Dose'

"I am tired of being told that a good hefty dose of wage restraint will put everything right. That is economic nonsense," said TUC General Secretary Len Murray.

"There is nothing to stop unemployment rising as high as three million," said Moss Evans, boss of the dominant Transport and General Workers.

The convention, representing the TUC's 12 million members, voted 5.2 million to 3.6 million to reject the government's pay policy in favor of a planned economy agreed to by the TUC and the Labor Party. Chief delegates vote by showing cards with the figure of their total union membership.

The resolution favoring the EEC referendum was passed 5.6 million to 5.3 million in this method of counting.

The conference carried three resolutions overwhelmingly by show of hands: one to develop an alternative economic strategy, another condemning public spending cuts, and a third supporting free wage bargaining and opposing the government's proposed 10 percent limit on increases in the 1980-81 pay round, which begins in the fall.

A fourth resolution carried unanimously urged TUC support for a 35-hour work week, instead of the present 40 hours.

The delegates obviously took note of a plea yesterday by Labor Party leader James Callaghan that a Labor government must never again get into a pay fight with the unions, who provide most of its members and cash.

Mr. Callaghan's government was ousted by Mrs. Thatcher 16 months ago after public services were crippled by strikes against a government limit of 5 percent on pay raises.

Meanwhile, 14,000 workers at Ford Motor's factory at Halewood near Liverpool were warned by executive Arthur Rothwell to work harder and stop strikes.

Speaking after the launch of the new Escort sedan, he said the work force should not depend on the further £135 million being invested in the plant to safeguard their jobs. The factory plans to make 5,000 Escorts a week by year's end.

Day of Violence In Turkey Kills 29; Toll at 1,700

ANKARA, Sept. 3 (Reuters) — At least 29 persons died in political violence throughout Turkey yesterday, one of the worst days in the country's recent turbulent history, police said.

Official sources report that more than 1,700 people have died in political violence in Turkey so far this year, but press reports put the toll at well over 2,000 in killings by both leftists and rightists.

The worst single incident occurred in Ankara last night when about 10 young men bombed and strafed the offices of Turkey's Agricultural Engineers Association — a professional body generally considered right of center politically — in a bustling street in the city center.

Passersby fled in panic as the attackers, leftist extremists according to police, raked the building with machine-gun fire, threw in bombs, then ran. Four persons who had been drinking tea in the garden of the association's building were killed and eight were wounded, police said.

Eruption on Mount Etna

CATANIA, Sicily, Sept. 3 (AP) — Mount Etna, Europe's largest and most active volcano, erupted yesterday, depositing two streams of lava about 10 yards long, the International Volcanic Institute here said. There were no injuries.



ITALIANS HONOR BOLOGNA BOMB VICTIMS — Thousands of persons attended a rally yesterday at the train station in Bologna, Italy, in memory of the 83 victims of the terrorist bombing there on Aug. 2. The station clock shows the time of the explosion, 10:25 a.m.

Polish Crisis Nears End; Miners Gain Guarantees

(Continued from Page 1)

tem might be damaging for productivity. Coal production last year topped 200 million tons for the first time ever and officials were hoping to extract 205 million tons this year.

Despite the threat of continuing scattered strikes, a real end to Poland's long summer of labor and political turmoil looked possible today and attention was switching to speculation on how the new unions would fit into the Polish Communist structure.

Poland appears, at least outwardly, to have brushed aside implied Soviet criticism of the concessions granted to workers.

The Polish media have said that "anti-Socialist elements" were trying to exploit the unrest by pressing for independent unions, but this argument has now been toned down in the official Warsaw media.

Commentators in Poland have concentrated on what they see as the positive results of the national debate which accompanied the strikes and their settlement. The Warsaw daily, *Zycie Warszawy*, said that the strikes had taught the leadership a valuable lesson.

Voice of the People

"The first and a very general conclusion is the recollection of the principle of listening to the voice of the people, a basic law of Socialism," the paper said. "The recent conflicts have thoroughly exposed the fatal effects of departing from this principle," it said, adding that the will of the party to listen to the people had declined.

Meanwhile, a letter from Pope John Paul II, censored by authorities in his former hometown of Krakow, was published in full today by a Warsaw newspaper.

Censors had refused to allow the Krakow Roman Catholic weekly, *Tygodnik Powszechny*, to publish the papal letter, received Aug. 21 by the Polish primate, Cardinal Stefan Wyszyński.

But the complete text appeared today on the front page of the pro-government Catholic daily, *Slowo Powszechne*. The pope wrote that he was praying for Poland's struggle.

Egypt Suspends Meat Sales in Bid To Reduce Price

CAIRO, Sept. 3 (NYT) — In an attempt to control soaring meat prices, Egyptian President Anwar Sadat has declared a one-month ban on the sale of locally slaughtered meat.

The government's intention is to lift the ban at the end of September and flood the market, in hopes that this will drive down meat prices that now average \$2.30 a pound, a prohibitive cost for most Egyptian families. The ban was imposed Monday.

In a middle-class market in central Cairo, few seemed to believe that the new decree will lower prices or solve the periodic problem of meat shortages. Shopkeepers said it may even have the opposite effect, raising prices not only of meat, but also of chicken, fish, and eggs.

Their predictions illustrate the chronic problem of Mr. Sadat's economic policies. Whenever the government attempts to alter the price of goods by changing supply, the black market lessens or even neutralizes the effect of the new measures.

In almost every government-controlled sector the black market flourishes in Egypt, meeting consumer needs for everything from currency to construction materials in foodstuffs.

U.S. Pilot Dies in Crash

SCHWABISCH HALL, West Germany, Sept. 3 (Reuters) — The pilot of a U.S. Air Force Phantom F-4E fighter plane was killed today when the plane crashed into woodland near this town in southern West Germany. The plane was taking part in NATO maneuvers, a U.S. Air Force spokesman said.

gle for social justice and the preservation of its inalienable rights to its own life and development.

[The Soviet bloc has granted a major loan to Poland in an apparent effort to stabilize the country's ailing economy after weeks of labor turmoil, UPI reported.]

The news agency PAF said the Soviet Union has issued a hard-currency loan for purchase of vital raw materials for the country's light chemical and steel industries. Poland is \$2 billion in the red and has suffered major setbacks due to poor planning and mismanagement, experts say.]

New Tass Charges

MOSCOW, Sept. 3 (AP) — Tass charged anew today that "anti-Socialist forces" in Poland "are incessantly continuing their subversive activity."

The report followed the theme that the controlled Soviet media has adopted since the Polish government agreed to permit independent trade unions. The Soviet press has given no details of the settlement, focusing instead on alleged internal and external threats to Poland's Socialist system.

Tass said that while Polish workers were returning to work, "forces hostile to Poland strive to aggravate the negative processes" and to undermine Poland's ties with the Soviet Union.

Poles Wary Over Clergy

(Continued from Page 1)

and heard confessions within the shipyard grounds — a ranking party official described it yesterday as highly responsible from the government's point of view. He said no one sought the cardinal's ear, or offered him or the church anything in exchange for what was regarded as its moderating attempts.

Another official, however, took a different position, perhaps with the goal of discrediting the church. He said it was undeniable that it attempted to help the government in resolving the crisis and that as a result, there would be "a bill coming due soon."

Among the issues he referred to was the question of the church's legal status in Poland, a continuing issue of contention. Under Polish law, the church does not legally hold title to its property and it has long sought return to its prewar status where it was in control of its physical holdings.

Mr. Wojcik, who said he believed the discussion about the cardinal's speech would quickly disappear, felt it was unlikely that the church would concentrate on its own welfare during the coming months, and would instead give priority to the social and economic developments contained in the Gdansk accord.

Asked about discussion among Poles of whether the church could become an ally of the regime in trying to slow the pace of liberalization, Mr. Wojcik replied: "Such talk has no historical basis in this country, where the church traditionally has played a different role than in other places — I refer to Spain and Portugal, for example — concerning people's basic aspirations."

West German Court Sentences 2 Spies

DUESSELDORF, Sept. 3 (Reuters) — A former secretary at the Bonn headquarters of West Germany's opposition Christian Democratic Union and her husband were sentenced by a Düsseldorf court yesterday to jail terms of 22 months and four years respectively for spying for East Germany.

Ursula Hoefs, 36, who had been in pretrial custody since March of last year, was set free immediately. But 42-year-old Jurgen Hoefs, whose real name was given as Siegfried Gaebler, will serve the remainder of his term.

WORLD NEWS BRIEF

Zimbabwe Cuts Relations With South

SALISBURY, Sept. 3 (Reuters) — Zimbabwe announced had severed diplomatic relations with South Africa but would trade mission in Johannesburg.

A Foreign Ministry statement said Zimbabwe's diplomatic relations with South Africa were being recalled and in Pretoria and Cape Town had been closed this afternoon.

The break had been expected after Prime Minister Robert Mugabe came to power in newly independent Zimbabwe and joined can states in the quest for an end to white minority rule in South Africa which was the only country to maintain diplomatic ties with Rhodesia during the closing stages of its seven-year guerrilla war.

Heavy Fighting Is Reported in Afghanistan

NEW DELHI, Sept. 3 (Reuters) — Soviet forces in Afghanistan engaged in heavy fighting with rebels in widespread country in recent weeks. Western diplomatic sources said today.

Soviet aircraft bombed the Western city of Herat, and reported in the southern province of Kandahar, the source highway running east from Kabul to Jalalabad has been opened radically from Aug. 18, and parts of the road were destroyed the last week of August, the sources reported.

The sources said heavy Soviet air transport activity was Kabul airport from Aug. 29 to 31, with fresh Soviet troops replace others being sent home rotated. More Soviet helicopters were seen during this period flying between Kabul and a south and southwest of the capital. Fresh fighting was reported Panjsher Valley northeast of Kabul, the sources said.

Boulogne Fishermen Schedule Vote on

BOULOGNE, France, Sept. 3 (Reuters) — After meeting hear government proposals, trawler crews based at this city decided to vote Friday whether to end their six-week strike with to an intermittent blockade of French ports, union spokesmen.

Representatives from the fishermen's two main unions said on the estimated 4,000 trawlermen would vote on government made during a mediation commission meeting yesterday. The stipulate that the unions and the commercial trawler owners negotiations on manning levels before Oct. 1. Work would resume immediately.

The trawlermen went on strike July 27 after shipowners that crews would be cut from 22 men to 18, and salaries reduced to offset rising fuel costs. The mediation meeting yesterday involved France's estimated 20,000 independent fishermen, to reach an agreement in separate negotiations in Paris yesterday.

Carter Sends Stern Letter to S. Korean

SEOUL, Sept. 3 (UPI) — South Korea's new president, Chun Doo Hwan, received a stern letter from President Carter today in concern over political repression.

The letter was delivered to Gen. Chun when U.S. Ambassador C. Douglas Clapp met with the head of state for one hour. The letter, the official presidential mansion. A spokesman for Carter said to disclose the contents of the letter.

However, reports from Washington have described the "toughly worded" expression of Mr. Carter's hopes that Gen. Chun's repressive policies and liberalize Korean society and peace.

Priests Back Church Remarriage of Catholics

LONDON, Sept. 3 (AP) — Divorced Roman Catholics are allowed to remarry in church and receive the sacraments, a panel proposing a fundamental change of laws governing the church.

Catholic churchmen said today that the issue is pressing by growing numbers of divorced and remarried Catholics are a parish priests.

The proposal for a change was drafted by a dozen priests the standing committee of the National Conference of Priests and Wales. A church spokesman said that the panel was asked proposals for the Rome Synod by the two prelates who will England and Wales.

Israel, Egypt Will Resume Palestine Autonomy Talks

(Continued from Page 1) the only people who can make them are the guys at the top."

He said the leaders agreed to a summit conference at a mutually convenient time and "it's hard to imagine it being convenient for the president before the elections."

Referring to Mr. Linowitz' mission, this official said the agreement to resume autonomy negotiations is "probably more than anyone expected you would get out of this one trip."

Asked whether the administration considers today's developments to be a breakthrough, a State Department spokesman said it would be a mistake to think of their importance. But he administration has "great hopes" for the peace process has had from the beginning.

Tel Aviv Talks

During the talks in Mr. Begin ruled out any of Israel's hold on a Jerusalem and said he accept Mr. Sadat's proposal other summit meeting Carter only after Egypt autonomy negotiations were resumed.

Even so, Mr. Linowitz fore leaving Tel Aviv the radio "agreed certain things done to improve the aim and he was taking 'some' actions" to Cairo.

Mr. Begin, without details, said that they "agreed certain document" will be signed. "We worked on a document which I believe acceptable to all parties."

Mr. Sadat broke off a locked autonomy talks after Israeli parliament adopted late July formally declared Jerusalem the eternal, to capital of the Jewish state, but then suggested that he sign and Mr. Carter meet a U.S. presidential election.

The panel of the negotiation plan for self-rule for the West Bank of the Jordan and the Gaza Strip, which captured in the 1967 war with East Jerusalem. But it rejects the Arab contention that Jerusalem is part of the Bank, saying that it is and reunited Israel's ancient and it is going to stay that way.

France Bans Rightist Group For Violent

PARIS, Sept. 3 (AP) — France today ordered the dissolution of a tiny paramilitary organization of extreme right Federalist Action National et Européenne (FANE).

A government spokesman quoted the interior minister Christian Bonnet, as saying that "violent demonstrations were organized by this movement, one of whose aims is the installation of a Nazi regime."

Mr. Bonnet said FANE's "paramilitary organization and incitement of discrimination" allowed its solution under a 1972 law. FANE's president, Mr. Friedrichs, said last night that the organization "about 60 militants in Paris and 200 in the rest of the country."

IN MEMORY OF THE SHAHANSHAH OF IRAN AND ALL COMPATRIOTS WHO HAVE FALLEN VICTIM OF A BARBARIC REGIME

Forty days ago, when he left us, at a time when the upheavals of our tortured land were answered by his own terrible sufferings, the Shahanshah closed his eyes to the world thinking of nothing but the calvary endured by his beloved country and people fallen prey to the most reactionary tyranny of its history.

He died heart-broken grieving the systematic destruction of the modern Iran he built against all odds and with the help of millions of dedicated Iranians despite intrigues of both foreign and internal nature. He believed that the triumph of Iran did rest in its high degree of success against the scourge of ignorance, poverty, disease and social injustices. He believed in the richness of Iran's historical and cultural heritage, its traditional values, its plans and aspirations for the future. He propelled Iran into the modern era and had it assume a central, responsible and respected place within the community of nations. He saw how Iran could build a brilliant future while keeping the best of its past, attaining an ever higher rate of economic growth and prosperity on as wide a basis as possible. His dream was for Iran to obtain a great future and reach for the lofty ideals which have beckoned mankind throughout the ages.

In less than 15 months, a herd of ignorant and destructive mullahs have turned to ashes the painstaking work of a half century of modernization. Closing out schools, universities and factories, reducing to unemployment millions of workers, sending women back to their state of inferiority, replacing a modern judiciary system by a masquerade of so-called Islamic justice, surrendering the country to terrorism, sowing and spreading dissension amongst Iranians, muzzling all opposition, closing down newspapers and burning libraries, destroying artwork and censoring public opinion, murdering thousands of Iranians, napping and burning Kurdish villages, stifling all minorities, these grave-diggers surging from dark abysses of Medieval nights have left Iran in ruins leading it to the bursting point.

But 40 days ago, my brother, the Shahanshah, in his ultimate message called for Iranians not to despair. For as said the Persian poet, Hafez, "There are no roads without end". The absurdity casting its gloom over our beloved land cannot last forever, and as light will prevail again so will a prosperous Iran on sound and strong foundations. Iran has a great reservoir of intelligence and good sense which, even the fanatic bigots and their henchmen of their worst, cannot drain. We can already witness the strong awakening of our compatriots emerging from the darkness in which they have been thrown by crazed fanatics. Each passing day makes them more aware of the horrors forced upon their fatherland by a horde of zealots backed by a new lumpen proletariat. Inevitably, they compare the chaos and shallow emptiness of the present to the great achievements of a recent past. The time is at hand when they will rise as a single force to implacably chase away the enemies of Iran. Then as wrote Hafez, "The humble house of sorrow will become a garden of hope—do not despair."

Arise, O champions of the wounded heart of Iran, for the days of darkness are at an end. Help raise high the holy flag of the recovered land of Iran, only then the soul of your King and all those, known and unknown, who have fallen victim of a barbaric regime will rest in peace.

ACHRAF PAHLAVI

12 Avenue Montaigne,
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Rightists Are Said to Oppose Moderates

Salvador Officers Reportedly Split

VADOR, Sept. 3

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Salvador yesterday

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sive confrontation was triggered

by Monday's release of the Sep-

tember Order of Battle, the month-

ly list of armed forces assignments,

promotions and retirements.

Last week there were uncom-

firmed reports that some rightist

military officers wanted to court-

marial Col. Majano for complain-

ing that Col. Garcia and not the

junta was in control of the armed

forces.

On July 1 the moderate officers

managed to defeat an Order of

Battle similar to the latest one, and

in May the officer corps voted 300-

193 to strip Col. Majano of any

military power in a vote widely de-

nounced as fraudulent.

The latest confrontation erupted

at the end of a 24-hour period in

which there were 31 political slay-

ings, including 12 leftists the gov-

ernment said it killed in a raid on a

guerrilla camp 40 miles southeast

of San Salvador.

The sources said that both fac-

tions put their barracks on an



ON THE LINE — Led by Chrysler Chairman Lee Iacocca, Republican presidential candidate Ronald Reagan leaves an assembly line at an auto plant in Detroit, where he had lunch with workers yesterday. Mr. Reagan promised to try to ease unemployment in the industry.

Past Remarks May Haunt Him

Reagan Closets Replete With Skeletons

By Robert G. Kaiser

WASHINGTON, Sept. 3 (WP) — At one time or another, Ronald Reagan has said the following:

• The men arrested for the Watergate break-in in 1973 should not be regarded as criminals because "they are not criminals at heart." (May, 1973.) Also, "Espionage is not considered dishonorable in political campaigns." (August, 1974.)

• "I don't think anyone would cheerfully want to use atomic weapons [in Vietnam].... But the enemy.... should go to bed every night being afraid that we might.... We should win a victory as quickly as possible. I'd like to see the end in 24 hours if it could be done." (July, 1967.)

• "I've already spoken about the anti-nuclear-power people and the fact that they're being manipulated by forces sympathetic to the Soviet Union." (July, 1973.)

• "Fascism was really the basis for the New Deal." (May, 1976.)

For connoisseurs of skeletons in the closet, Mr. Reagan has left thousands of closets to search through. As the above suggest, the search may prove rewarding to Mr. Reagan's opponents this year.

Mr. Reagan is an unusual figure in U.S. politics. Probably not since Adlai Stevenson has there been a major party candidate for president who has taken as personal and original an approach to public policy issues.

Mr. Reagan obviously enjoys producing glib formulations like those mentioned. With the help of writers who have long helped him produce radio broadcasts, newspaper columns and speeches, Mr. Reagan has established himself as a political wordsmith.

It is difficult to know the ultimate significance of Mr. Reagan's comments. For years friends and associates have dismissed the former governor's more extreme rhetoric, insisting that he should be judged by his actions, particularly as a relatively pragmatic governor of California, not by his words.

But in modern presidential politics, words tell. President Carter's remarks in 1976 on ethnic purity and on lust in his heart gave him some uncomfortable moments. A boner from Gerald Ford's unilateral liberating the Eastern Bloc from Soviet domination may have cost him the White House.

The Carter campaign has been culling through old Reaganisms for months. An aide to the president's campaign, Martin Franks, has prepared an extensive list of old Reagan statements that he says will be used to brief the president for campaign debates, provide cannon fodder for anti-Reagan commercials and contribute to speeches by Vice President Mondale and others.

Easy Task

Locating statements by Mr. Reagan that could alienate some groups of voters in 1980 is relatively simple, because Mr. Reagan has rarely had anything to hide. One small book published for his 1976 presidential campaign, "Ronald Reagan's Call to Action," contains a good sampling of the kinds of statements and themes that could land him in political difficulties this fall.

On many issues there is a long-term consistency to Mr. Reagan's remarks. For example, the candi-

date caused a flap last month with his declaration that the Vietnam war was a noble cause that the United States was afraid to win, but this is an old Reagan position.

In that 1976 book, whose authorship is attributed to "Ronald Reagan with Charles D. Hobbs," a writer who organized Reagan quotations and interspersed them with commentary, Mr. Reagan said:

"I think we were right to be involved in Vietnam.... The plain truth of the matter is that we were there to counter the master plan of the Communists for world conquest, and it's a lot easier and safer in counter it 8,000 miles away than to wait until they land in Long Beach...."

"The Communist master plan, as we know it from published reports, from intelligence sources and from our own painful experience, is to isolate free nations one by one, stimulating and supplying revolutions without endangering their own troops.... I don't think the people of the United States would be so ashamed of the Vietnam War if they understood the Communists' plans; I think they'd be just plain mad. But they'll only understand when the government acknowledges, officially and with supporting facts, that there is a Communist plan for world conquest, and that its final step is to conquer the United States...."

Mr. Reagan has talked many times about using U.S. forces in symbolic demonstrations of U.S. interests in far-flung places. He has specifically discussed a possible need for U.S. forces in Portugal, Zimbabwe when it was Rhodesia, Panama and Angola, and for a blockade of Cuba to counter the invasion of Afghanistan, among others.

Fascism and New Deal

Sen. Edward Kennedy, D-Mass., electrified the Democratic National Convention last month by quoting Mr. Reagan's view that "fascism was really the basis for the New Deal." Mr. Reagan said precisely those words to the editors of Time magazine in an interview published May 17, 1976. But he has said the same thing at least several times, and reiterated it when questioned at a news conference earlier this month.

According to Mr. Reagan's recent pronouncement, "Anyone who wants to look at the writings of the Brain Trust of the New Deal will find that President Roosevelt's advisers admired the fascist system.... They thought that private ownership with government management and control is the Italian system was the way to go, and that has been evident in all their writings...."

Extensive efforts to find any such references produced no results. According to the definitive scholarly work on U.S. attitudes toward Mussolini's Italy, "Mussolini and Fascism: The View from America," by John P. Diggins, The published writings of the Brain Trust reveal no evidence of the influence of Italian fascism upon the New Deal....

Mr. Reagan's message has changed markedly on the economy. This year his economic policy is optimistic, with a promise in cut taxes, create a new boom in the economy, "put America back to work again." In 1976 he was willing to accept unemployment as a necessary evil to fight inflation.

The workers, some of whom had booed when he was introduced, applauded.

Karamanlis in Romania

VIENNA, Sept. 3 (Reuters) — Greek President Constantine Karamanlis arrived in Bucharest today for a four-day visit during which he will discuss bilateral and international questions with President Nicolae Ceausescu, the Romanian news agency reported.

There is a place where government can be legitimately involved and this is where I think government has a role that it has shirked so far — and that is to convince the Japanese that, in one way or another and in their own best interest, the deluge of their cars into the United States must be slowed while our industry gets back on its feet.

Mr. Reagan has said the following:

• "I don't think anyone would cheerfully want to use atomic weapons [in Vietnam].... But the enemy.... should go to bed every night being afraid that we might.... We should win a victory as quickly as possible. I'd like to see the end in 24 hours if it could be done." (July, 1967.)

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Easy Task

Locating statements by Mr. Reagan that could alienate some groups of voters in 1980 is relatively simple, because Mr. Reagan has rarely had anything to hide. One small book published for his 1976 presidential campaign, "Ronald Reagan's Call to Action," contains a good sampling of the kinds of statements and themes that could land him in political difficulties this fall.

On many issues there is a long-term consistency to Mr. Reagan's remarks. For example, the candi-

date caused a flap last month with his declaration that the Vietnam war was a noble cause that the United States was afraid to win, but this is an old Reagan position.

In that 1976 book, whose authorship is attributed to "Ronald Reagan with Charles D. Hobbs," a writer who organized Reagan quotations and interspersed them with commentary, Mr. Reagan said:

"I think we were right to be involved in Vietnam.... The plain truth of the matter is that we were there to counter the master plan of the Communists for world conquest, and it's a lot easier and safer in counter it 8,000 miles away than to wait until they land in Long Beach...."

For many years Mr. Reagan has advocated a policy of confronting Soviet power, of "beating the Communists at their own game," as he put it in the 1976 book. That game, he said, was to foment and then help promote revolutions around the world and he urged that the United States "supply and encourage people in other nations who are not Communists, and... use our technological might to keep those nations free."

It should be U.S. policy, Mr. Reagan continued, "that those free nations will be our allies in what we fully expect will not be a war-like showdown, but a political face-off in which the Soviet Union and the other Communist nations will realize that they cannot destroy freedom in the world...."

But "if they push it any farther," Mr. Reagan continued, "they'll have to confront us nose to nose and... we know they won't do this because they cannot be guaranteed victory...."

Mr. Reagan has talked many times about using U.S. forces in symbolic demonstrations of U.S. interests in far-flung places. He has specifically discussed a possible need for U.S. forces in Portugal, Zimbabwe when it was Rhodesia, Panama and Angola, and for a blockade of Cuba to counter the invasion of Afghanistan, among others.

Fascism and New Deal

Sen. Edward Kennedy, D-Mass., electrified the Democratic National Convention last month by quoting Mr. Reagan's view that "fascism was really the basis for the New Deal." Mr. Reagan said precisely those words to the editors of Time magazine in an interview published May 17, 1976. But he has said the same thing at least several times, and reiterated it when questioned at a news conference earlier this month.

According to Mr. Reagan's recent pronouncement, "Anyone who wants to look at the writings of the Brain Trust of the New Deal will find that President Roosevelt's advisers admired the fascist system.... They thought that private ownership with government management and control is the Italian system was the way to go, and that has been evident in all their writings...."

Extensive efforts to find any such references produced no results. According to the definitive scholarly work on U.S. attitudes toward Mussolini's Italy, "Mussolini and Fascism: The View from America," by John P. Diggins, The published writings of the Brain Trust reveal no evidence of the influence of Italian fascism upon the New Deal....

Mr. Reagan's message has changed markedly on the economy. This year his economic policy is optimistic, with a promise in cut taxes, create a new boom in the economy, "put America back to work again." In 1976 he was willing to accept unemployment as a necessary evil to fight inflation.

The workers, some of whom had booed when he was introduced, applauded.

Karamanlis in Romania

VIENNA, Sept. 3 (Reuters) — Greek President Constantine Karamanlis arrived in Bucharest today for a four-day visit during which he will discuss bilateral and international questions with President Nicolae Ceausescu, the Romanian news agency reported.

There is a place where government can be legitimately involved and this is where I think government has a role that it has shirked so far — and that is to convince the Japanese that, in one way or another and in their own best interest, the deluge of their cars into the United States must be slowed while our industry gets back on its feet.

Mr. Reagan has said the following:

• "I don't think anyone would cheerfully want to use atomic weapons [in Vietnam].... But the enemy.... should go to bed every night being afraid that we might.... We should win a victory as quickly as possible. I'd like to see the end in 24 hours if it could be done." (July, 1967.)

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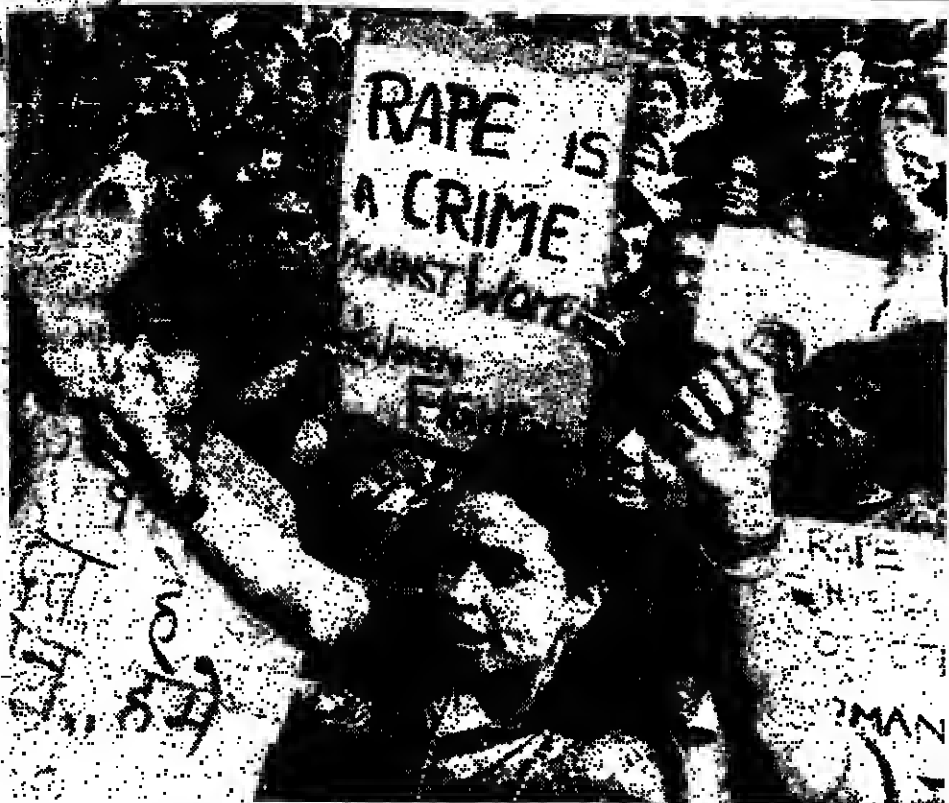
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en activists staged a protest in New Delhi last month over law on rape and sexual attitudes.

Women Activists See Some Progress

Controversy Over Rape Law Stirs India

By Marshall

HI, Sept. 3 (LAT) — The Indian government is attempting to stem the number of assaults on women to a major controversy by passing a law that would provide for a minimum prison sentence of 10 years for any policeman convicted of rape and place the burden of proof on the accused rather than on the woman as under present law. The maximum penalty would be life imprisonment.

Mr. Singh presented his bill not long after about 2,500 people were arrested here for taking part in a demonstration brought on by a rape case involving policemen in the state of Uttar Pradesh.

Earlier, the minister of information, Vasant Sathe, had complained at a women's conference that accounts of rape involving policemen were being exaggerated. As a consequence, Mr. Sathe said, police morale has suffered.

Gandhi, which was swept into office with a mandate to restore law and order, the publicity is embarrassing.

Nonetheless, Home Affairs Minister Zail Singh has proposed legislation that would provide for a minimum prison sentence of 10 years for any policeman convicted of rape and place the burden of proof on the accused rather than on the woman as under present law. The maximum penalty would be life imprisonment.

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In an effort to discourage the press from such exaggeration, the government has ordered state police chiefs to bring charges against newsmen who engage in "deliberate publication of misleading reports on the subject."

Advance Seen

For India's fledgling women's rights movement, the government's response to the problem is disappointing. Yet the attention to rape — in a society in which women are often rated below livestock — is considered a major advance.

There is no epidemic of rapes going on, it is just that for the first time they are being reported, and that is a big change," said Vena Dua, a Delhi University sociologist.

The issue has also focused attention on the wider plight of Indian women, who have a difficult life even in comparison with women in other developing countries.

In India, infant mortality is higher among females than it is among males and life expectancy is lower. In educational opportunity, women trail far behind men. And at all but the upper echelons of Indian society, job opportunities are extremely limited.

Legal Equality

Although women's equality is written into the Indian constitution, only 25 percent of the people who work for the central government, the country's largest single employer, are women. Further, the percentage of women employees throughout the economy is steadily declining.

"Modern technology has led to an increase in the level of knowledge and skills required for most jobs," economist Sarthi Acharya said. "Because women aren't equipped with these skills, they lose out."

Employers shy away from hiring women because of laws aimed at protecting them, such as restrictions on shift work and the weight of objects that women can lift. Also, with nearly 20 million unemployed, there is a sizable pool of available men.

When women do get jobs, the pay is often a fraction of what a man gets for doing the same work. "It's only when you get to a certain salary level that it evens out," said Rhada Kurishna, director of research for the Indian Council of Social Science Research.

Class and Caste

Class and caste restrict access to that relatively high level of Indian society. Still, it is this narrow strata of India's elite that provides most of the momentum for the small but active women's movement.

At this level, many women say, there is no discrimination at all. At the very top, family and connections matter far more than if you are a man or a woman.

Some point to Mrs. Gandhi, the daughter of Jawaharlal Nehru, India's first prime minister, as an example of female opportunity at this level.

"At any level," said sociologist Dua, "I think Indian women have a better deal than their colleagues in the West."

But discrimination begins just below this upper crust and tends to increase lower on the social ladder. Much of the problem is rooted in economic realities.

Institution of Dowry

The entrenchment of the dowry as a social institution often makes the birth of a daughter an economic disaster. A son will one day earn a living and contribute to his parents' security in their old age, but a daughter is raised only to disappear into the home of her husband, and marrying her off sometimes requires a dowry equal to several times her father's annual income.

This economic dependence erodes a woman's identity as an individual.

"She is always somebody's daughter, somebody's wife or somebody's mother, never just somebody in her own right," Mr. Dua said.

In India, rape has traditionally been more an instrument of collective aggression than an act directed against an individual woman.

But the recent crescendo of publicity may reflect a change in this attitude.

"The very fact people are beginning to realize that rape is an atrocity against women is a big change," Mr. Dua said.

Income Tax Will Affect 20 Chinese

Leaves on Foreigners; Marriages Must Wait

By Fox Butterfield

PEKING, Sept. 3 (NYT) — China's new rulers grappled yesterday with the uncertainties of birth and taxes.

It was announced that a new graduated income tax would be imposed for the first time, but that the tax has been structured so that it will affect only about 20 of the almost one billion Chinese and will apply mainly to foreigners living here.

At the same time, as part of China's stringent program to limit births, the government has decided to require men to wait until they are at least 22 years old and women until they are 20 before they can marry. That is two years later for both sexes than was permitted under the country's previous marriage statute.

The new laws were outlined by Peng Zhen, a deputy chairman of the National People's Congress, the nominal legislature, at a meeting yesterday in the Great Hall of the People. In an unusual departure from Communist practice, the session was open to foreign ambassadors and journalists.

Mr. Peng brought a prolonged wave of laughter from the more than 3,000 delegates when he explained that only 20 Chinese citizens would be hit by the new income tax, since only that many Chinese earn the equivalent of \$530 a month, the minimum income that will be taxable under the new law. Most of these are artists, Mr. Peng said, who are paid special fees for their works sold abroad.

Peasants: \$55 a Year

The average city worker in China earned \$39 a month in 1979, the average peasant only \$55 for the entire year from his work in the collective fields.

Mr. Peng, a tall, balding man dressed in a light gray Mao tunic, said that in the past China had not had a personal income tax because of the country's backward economy and low level of salaries.

But now with the influx of foreign businessmen and joint ventures, Mr. Peng said, the government had decided to impose a tax.

Under a new marriage law, "in cases of complete alienation of mutual affection and when mediation has failed, divorce should be granted," Mr. Peng said, adding that this provision would make it easier for the courts to overcome the traditional prejudice against divorce.

On the new later minimum age for marriage, Mr. Peng said that this was being done to facilitate birth control work in the countryside. "This must be done gradually having regard for the free will of the masses," he said.

In some areas — such as Peking — there already are local laws fixing the minimum marriageable age at 23 for men and 25 for women.

According to a report later yesterday by Gu Ming, a deputy director of the State Planning Commission, rates under the new personal income tax will range from 5 to 45 percent. The new tax will cover not only salaries but also bonuses, interest income, property rentals and royalties, apparently including money earned outside China. One Chinese official said that the new tax will be retroactive to the beginning of the year, and will affect foreign businessmen, journalists and perhaps some diplomats.

Mr. Peng also announced yesterday that joint venture enterprises would have to pay a tax of 33 percent, a rate he said was lower than that in most other countries. The corporate tax rate in the United States is about 50 percent.

Also, any profits that a joint venture remitted abroad would be taxed another 10 percent, to encourage their reinvestment in China.

Spanish Police

Battle Leftists;

25 Are Arrested

PAMPLONA, Spain, Sept. 3 (AP) — Police battled leftist youths who tried to disrupt an authorized demonstration last night by an estimated 20,000 people here to protest terrorism by the Basque separatist organization ETA.

According to witnesses, groups of several youths faced the head of the demonstration march, shouting "Long Live ETA" in Basque and insulting the marchers and police.

Riot police moved in and charged the youths, some of whom also engaged in fights with demonstrators. About 25 of the youths were arrested.

Before the march started, police fired rubber bullets and smoke grenades to disperse groups of youths in Pamplona's old quarter, where all bars and shops were shut down. The youths were supporters of an attempted rally called at the same hour by Herri Batasuna (People's Union) and other Basque separatist parties to denounce "terrorism by the state." The rally previously was banned by the civil governor.

In Bilbao today, masked gunmen shot and killed a dock worker as he walked to work, police said. The killing, the fifth in seven days, raised the death toll from political violence in Spain this year to 80 victims. Police said witnesses reported that the man was shot by two gunmen using ammunition favored by Basque separatists.

Wine

Many Vintages Keep for a Day After Opening

By Terry Robards

NEW YORK (NYT) — Brunello di Montalcino is one of Italy's greatest red wines, with such intense flavor and tannic richness that it sometimes needs two decades or more of aging to reach the suppleness of maturity. Until the U.S. wine boom of the 1970s, Brunello was rarely found in the United States, so when a bottle of the 1964 vintage arrived here in 1968, it demanded to be tasted.

I knew it was far too young to be enjoyed properly, but it was such a curiosity that I did not hesitate. The bottle was uncorked 24 hours in advance to allow it to breathe, in an effort to hasten the maturing process. Exposure to air can never substitute for the proper amount of aging, but it can help remove some of the hard edges from a wine that is being tasted prematurely.

Despite the full day of breathing, the Brunello '64 was tight and unyielding and remained so tannic and astringent that it was hard to swallow. One of the mellowing qualities for which the sangiovese grape is famous was evident, and I have the impression that the wine could have continued breathing for another week without much reaction to the air.

The experience provides one answer to one of the commonly asked questions in the world of wine: How long will a wine keep without deteriorating after the bottle has been opened? Everyone who enjoys wine with a meal occasionally encounters the situation where perhaps half of a bottle is left over. Will it be drinkable the next day? Will it last as much as a week? Or is it best dumped into the vinegar pot?

Depends on Many Factors

The answer is complex, depending on the style of an individual winemaker as well as on the variety of wine, the vintage, the grapes

and the region in which they are grown. But there are some general rules that consumers can use as a guide, as long as they realize that there will always be exceptions.

First, most jug wines, whether from U.S. or foreign producers, are extremely durable and sometimes will last for weeks with the cap on in a refrigerator. I am not sure whether they are pasteurized or contain preservatives or both, but they seem to resist deterioration.

Apart from jug wines, it is generally true that red wines outlast white wines after exposure to air. A young Beaujolais can be recorked and refrigerated and will be almost as fresh and young a day later. Italian reds also tend to be especially durable. Barolos, Gattinaras, Spannas, Chiantis, Infernos and Sannas, as well as Brunellos are likely to hold up fairly well overnight as long as they are less than a decade old. After age 10 the characteristics of each vintage will decide how long a wine will last after uncorking.

Exceptions are the light reds of the Veneto region, the Bardolinos and Valpolicellas that are best drunk young. They are soft and pleasant, do not benefit from extensive aging and are likely to oxidize after only a few hours. Their durability is akin to that of Italian white wines, which sometimes last overnight in the refrigerator but are best consumed within an hour or two of uncorking.

Even Better

Vintage characteristics are more important in the reds of France, where the weather is more variable. The reds of Bordeaux generally are more durable than the reds of Burgundy, and either one should keep overnight if it is less than 10 years old and comes from a good vintage. The 1970s and 1971s from either region still have good staying power, but the 1973s are likely to deteriorate rapidly after only two or three hours of breathing.

Recently I opened a magnum of Chateau Fongleade 1971, a pleasant Saint-Emilion, and left about half the contents in the bottle for the next night. The wine was even better then, attesting to the vigor of the 1971 vintage. A few ounces were left yet another day, but this was oxidized and undrinkable.

Among the dry white wines of France, Chablis has in my experience shown the greatest durability. Occasionally I leave a half bottle or so overnight, and it is almost as fresh the next day. I find that Muscadets also hold up well, as do the whites of Graves. Such white Burgundies as Montrachet and Meursault also can be refrigerated overnight after the cork has been replaced, but they have become so expensive that it is a crime not to consume them when they are at their best, within an hour after opening.

Sweet wines, the ones from the French Sauternes district and from Germany, also hold up well after uncorking, perhaps because their high level of residual sugar acts as a preservative. This quality is especially valuable because dessert wines are frequently left unfinished, reflecting their ability to satisfy the palate with only a few ounces.

The best dry whites of California, the chardonnays, sauvignons blancs and chenin blancs, are likely to lose some of their freshness and fruit if recorked and left refrigerated for a day or two, but they usually remain drinkable. Twenty-four hours after a recent tasting of chardonnays, all were good, though not as pleasing as when first uncorked.

Premium California reds are very durable. The zinfandels, especially, will retain much of their vigor for a day or two, and cabernet sauvignons of 1974 vintage or younger should last overnight and still be palatable. Some pinot noirs will also hold up well for a day, but they will lose some of the fruit that gives them their personality.

The Bourke File

A Borstal Boy, a Spy and the Hitchcock Connection

By Audry L. Lynch

LIMERICK, Ireland (IHT) — Before he died in 1981, Alfred Hitchcock was working on a film to be called "The Short Night," based on a book by Sean Bourke. Bourke, who lives in Limerick, is wanted by British authorities but is protected from extradition, for the crime on which Hitchcock's last film was to have been based was deemed a political one by Irish authorities.

Bourke's "The Springing of George Blake" chronicles his part in the 1966 escape from London's high-security Wormwood Scrubs prison of Soviet spy George Blake, a double agent in the British intelligence service. The two had met when Bourke was serving a sentence for sending a mail-bomb to a British police officer, who was questioning him on his background in Ireland.

That background included stays in a succession of borstals and prisons from the time Bourke was 14, beginning with a charge of truancy. Bourke said that he had been leading a straight life for six years in London, and that therefore "I saw this man trying to destroy me when he started to question me on my past. I'd never do it [a bombing] again. It was an aberration." Friends agree there is a pacifist bent in Bourke: "He may raise his

voice, but never his fists," one said. Bourke, 47, has been paid for the film rights to his book but does not know if the studio will complete the project now that Hitchcock is dead. He claims it doesn't matter to him: "I got my money out of it, so what do I care whether they film it or not?" The book, published in 1970 by Cassells in London and Viking in New York, is out of print.

Although he calls himself a Communist, Bourke said he participated in the Blake jailbreak — which he claims to have arranged but which was suspected at the time to have been engineered by East Bloc agents — on humanitarian rather than political grounds. "He was sentenced to 42 years, which I thought was grossly unfair," Bourke said. "I just felt sorry for the chap."

'A Real Traitor'

But after the jailbreak, when both men fled to Moscow, Bourke's sympathy for Blake vanished. "He was a real traitor in every sense of the word. He cared more for power than politics and loved having control over lives and deaths. It was clearly his last victim. When he saw me as a liability, he wanted to have me killed. He put the cause ahead of friendship. Those aren't my priorities. All I can say in retrospect —

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voice, but never his fists," one said.

Bourke, 47, has been paid for the film rights to his book but does not know if the studio will complete the project now that Hitchcock is dead. He claims it doesn't matter to him: "I got my money out of it, so what do I care whether they film it or not?" The book, published in 1970 by Cassells in London and Viking in New York, is out of print.

Although he calls himself a Communist, Bourke said he participated in the Blake jailbreak — which he claims to have arranged but which was suspected at the time to have been engineered by East Bloc agents — on humanitarian rather than political grounds. "He was sentenced to 42 years, which I thought was grossly unfair," Bourke said. "I just felt sorry for the chap."

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A LOT FASTER THIS TIME — Frenchman Maurice Bel-
lonte (inset, top left), 84, flew to New York from Paris yester-
day aboard the Air France Concorde at a speed of about
1,350 mph. It took 3 1/2 hours this time, a far cry from the
first time he made trip, 50 years ago, as copilot of the aviator
Dieudonne Costes aboard the single-engine "Question
Mark." above. Inset, top right: Costes, left, and Bellonte in
flying gear in 1930. Their voyage took 37 hours, 18 minutes.

Dominican Riot Spotlights 'Slave Trade': Secret Deal for Haitian Migrant Workers

By Karen DeYoung

YACO, Dominican Republic (WP) — In late July, in an incident little noticed outside the Caribbean island this country shares with Haiti, several hundred Haitians rioted and were brought under control only when Dominican soldiers surrounded them.

The Haitians were migrant workers, brought here under contract between the two governments to cut sugar cane.

The harvest over, they spent nearly three weeks waiting for the Dominican government to take them home, berded into a corral-like barbed wire enclosure without food or sanitary facilities, before they blew up.

The migrants were quickly stopped in their plans to march from the "repatriation" compound just outside this small rural town, to Santo Domingo, 20 miles to the south. But the incident triggered a new round of news stories, protests and promises, both here and in Haiti, about the treatment of Haitians in the Dominican Republic.

Organized Slavery

Last year, the two countries were denounced before the United Nations for engaging in organized slavery, a charge they heatedly denied.

Three weeks ago, a front-page article in a leading Santo Domingo newspaper described how taxi drivers in the western Dominican town of Barabona sold Haitians for \$2 apiece when they could not afford to pay for their trip toward Haiti from the cane fields.

The same week, after a number of returning workers criticized their harsh treatment in the Dominican Republic on Haitian radio, the rubber-stamp Congress of President Jean-Claude Duvalier held its first-ever debate on the migrant worker question.

According to the workers — who were promised Dominican minimum wages under a contract whose secret financial terms also included a \$1.6-million cash payment to the Duvalier government for "recruiting costs" — most of them had to use the bulk of their wages to pay inflated prices for food in the compounds where they were housed during the harvest.

The 14,000 Haitians publicly contracted by the two governments for this year's November-to-July Dominican harvest represent but a small fraction of an estimated 400,000 Haitians working, simply squatting or slowly dying in this country — most of them illegally.

Even the contract that ostensibly supplies workers only to the State Sugar Council, through which the government owns 12 of the Dominican Republic's 16 major sugar plantations, does not enumerate all the cane cutters it covers.

Secret Appendix

According to sources close to the yearly bilateral negotiations, this year's document also contains a secret appendix "buying" another 2,000 workers for La Romana plantation — the country's biggest, owned by U.S.-based Gulf & Western — and three other plantations owned by a Dominican family.

The use of Haitian workers to harvest Dominican sugar — and the willingness of Haitians to migrate legally or illegally — are ooth- ing oew here. What is new in the past year or two is that anyone here cares enough to question it.

According to some island historians, large-scale movement began early in this century, when the United States occupied both countries, and U.S. sugar companies needed laborers for plantations in the Dominican Republic.

In 1937, after the U.S. Marines had gone, traditional Dominican dislike of their darker-skinned neighbors — who themselves had occupied and ruled this country for more than 20 years in the 19th century — exploded, and dictator Rafael Trujillo had at least 12,000 Haitians massacred in a three-day orgy of resentment and racism.

But the Dominicans needed sugar, which brings in more than half the country's income, and the Haitians needed jobs. Despite the high Dominican unemployment rate, the back-breaking job of cutting cane traditionally has been considered "Haitian work" here, and few Dominicans are interested in either the low pay or the bad working conditions.

Although the border between the two countries has been closed since 1959, ostensibly to curtail contraband trade in cheap Haitian goods, the contraband trade in people flourishes.

Despite heavy military patrols on both sides, some Haitians manage to cross the border on

their own. Others come officially under the yearly cane-cutting contract. Most, however, reportedly are traded by border officials.

"If I have a coffee farm and need 200 pickers," one informed Dominican explained, "I go to the border and pay \$1,000 to some soldier whose salary is \$150 a month. He brings them over, I pay them \$1.50 a day, give them the earth to sleep on and treat them like animals. That's the way it works."

He estimated that at least 7,000 Haitians enter the country that way annually. Many of them spend years in the Dominican Republic before returning home, if they ever do return.

Economic and racial concerns, plus a desire to keep tabs on foreigners in the country, were the reasons the first contract governing Haitian migration was signed in 1952. More recently, the contracts — in which wages, housing, health and other benefits are guaranteed — have served the governments as ostensible proof to domestic and international critics that they are trying to regulate a situation even concerned officials on both sides of the border believe is essentially uncontrollable.

An increasingly vocal human rights minority in the Dominican Republic, however, argues that neither the governments nor the landowners are complying with the terms of the contracts. Dominican attorney and Haitian migrant specialist Ramon Antonio Veras recently declared that "in the entire continent, there are no human beings who receive more cruel treatment than the Haitian braceros in the Dominican Republic, regardless of what the law says."

Haitian communities in the Dominican Republic are a mix of legal and illegal migrants — some who cut cane or pick coffee, others who simply exist without work. Most Haitians here live on sugar plantations in compounds called *bateys*. Families live in rows of dirt-

floored barracks-like houses called *barrancas*.

Most have no electricity, and use common water and sanitary facilities, many times from the same source. While most *bateys* have schools, they usually are adequate for only a fraction of the children.

It's Business

Although the contract guarantees each cane cutter a metal bed and a mattress, such amenities are rare. "It's business," said one Dominican involved in the process. "The sugar council gives the plantation 8,000 mattresses, and they sell 5,000 of them." Many of the returning Haitians, and human rights activists in the Dominican Republic, say the migrants are beaten and sometimes killed by Dominican soldiers.

The cutters are paid \$1.55 per ton of sugar cane. Although some cut as much as three tons a day, the average is much less. Each is then responsible for bringing his harvest to a central weigh-in station before receiving a pay voucher. The trip takes as many as two days out of the working week.

The Haitian government, according to a senior official interviewed in Port-au-Prince, "is very unhappy with the treatment of the workers," many of whom return home with virtually nothing after six months' work.

But vocal critics on both sides contend that the situation suits both governments, and their treasuries. In addition to the \$1.6 million Haiti was paid for the so-called recruitment costs this year, the government also received \$251,000 for hiring some 100 inspectors and supervisors to check on conditions in the *bateys* — in all an increase of more than half a million dollars over last year's rate.

Bulldozers Push Turkish Workers' Town to Self-Rule

By Loren Jenkins

UMRANIYE, Turkey (WP) — At first glance there is little to distinguish this small, ramshackle town of potholed streets and cement-block bungalows from any of the countless impoverished workers' communities that have sprung up in the countryside around Istanbul in recent years.

But the patrol of blue-beretted gendarmes picking its way cautiously down the town's main street, automatic rifles at the ready, belies the seeming normalcy. Elsewhere, in the 19 Turkish provinces now under martial law, the army patrols in twos or threes. Here the gendarmes move in patrols of five or more.

There is reason for the army's caution. For Umraniye is better known here and to Istanbul as the "First of May" community, one of the hundreds of so-called "liberated zones" of the extreme left or extreme right that have sprouted in urban neighborhoods and rural villages as the cleavages of Turkish society have widened.

To mention the name "First of May," or Umraniye, to officials in Istanbul, over a bleak hill and across the Bosphorus from here, is to elicit dismay and alarm. It is, officials say, a stronghold of "Dev-Sol," a pro-Moscow terrorist group. The town, they say, is an area of lawlessness and revolution, where violence stalks at night and the government's writ, when it can be imposed, is carried at the point of a bayonet.

The citizens of Umraniye scoff at this image, though they do not hide their independence and Marxist leanings.

"Since the town is virtually under our control, we don't have many assassinations like elsewhere," says Nurettin Gundoglu, 36, a court scribe. He is a member of the shadowy executive committee that clearly runs this town of 120,000 persons, mostly Kurdish emigrants from Turkey's mountainous East.

"A bullet today costs the price of two loaves of bread," Gundoglu said. "Anyone who can't afford bread can hardly afford to waste money on ammunition."

Community leaders, who gather often during the day in the small, shabby, concrete-floored office off the grocery store of the "First of May People's Consumer Society," tell a very different story about what has led them to their defiant radicalism.

Faced with the rural poverty of their home villages in eastern Turkey, they say, they came here five years ago to find work, food, shelter and the sort of decent life denied them by the



backyard and impoverished "feudalism" reigning at home.

Finding no place to live in Istanbul, whose population has swelled in the past decade to more than 5 million, they squatted on government lands here, as is their right, under Turkish law, for "temporary reasons." To what was a barren, sun-seared, rolling hillside on the Asian side of the Bosphorus, they laid out streets, built their homes out of concrete blocks and reinforcing steel, and went off to neighboring cities seeking work in the factories and businesses around Istanbul.

"Our idea in leaving our homes in the provinces was to find a better life," said Gundoglu, a handsome, mustachioed man whose hands dart constantly into the air to make a point. "But feudalism followed us here and now we have nowhere else to go. That is the root of our conflict."

The Kurds, a minority of 7 million among Turkey's population of 45 million, have a tradition of independence and progressive ideas that they no doubt brought here when they settled. But from the evidence one sees and hears, it is difficult to believe that the government was at least partly responsible for their radicalization.

The villagers did not build slum houses, but solid structures of some permanence. When the government refused to provide electricity, they were forced to tap nearby pylons. Water supplies were erratic as were virtually all the social services the villagers of Umraniye sought to obtain.

Bulldozers, Then Death

Three years ago, the government abruptly announced that it had sold the land they were living on to Mehmet Ozurk, a real-estate speculator.

Offers by the villagers to pay for the land on

Law of Sea Treaty Seen Bobbin In Ocean of Conflict, Uncertain

By Iain Guest

GENEVA (IHT) — After helping to reach agreement on the complex Law of the Sea Treaty, U.S. negotiators must now persuade the Congress that it represents a reasonable balance of U.S. interests which gives sufficient guarantees to deep-sea miners and allows for adequate control over fish and oil resources in coastal waters without impeding the freedom of navigation.

Although the task will be easier as a result of the breakthrough on deep-sea mining here last week, it is by no means certain that Congress will ratify the treaty — particularly if a Reagan administration is elected in October.

Many think that if the United States does not ratify the treaty, it would have less than an even chance of being signed, let alone ratified, by the 60 governments required to make it law. The result, they say, would be a disastrous free-for-all at sea that the Law of the Sea talks have tried to prevent ever since they began in Caracas in 1973.

The first test will come next March, when delegates will meet for what is hoped will be the final session before the treaty is signed. They will move to complete the rules governing deep-sea mining, decide on whether economic groupings such as the European Economic Community and liberation movements like the Palestine Liberation Organization should participate, and try to agree on a formula that will delimit maritime boundaries.

None of the three will be easy. Although Western nations are strongly opposed to any participation by the PLO, the Europeans are adamant that the EEC should take part, because they have conferred such powers as fishing to the EEC Commission.

A Dispute

Delimitation, too, will be tricky, even though the need for agreement is clear, with several states (including Canada and the United States) in a dispute over how to draw maritime boundaries. In one camp are those countries (like Canada and Greece) that want to draw a straight line midway between coastlines, or straight out from land frontiers. In the other are states like the United States and Turkey, which want "equitable principles" applied.

Turkey points out that a straight line between the Greek islands and the Turkish coast would in effect deprive Turkey of access to the whole Aegean. Similarly, under the straight-line concept the United States would be deprived of access to most of the fishing grounds of George's Bank, which lies off the East Coast. Delegates say that the best hope is for a text that recognizes both positions and does not prejudice bilateral discussions.

But the toughest of the outstanding issues will continue to be the minerals on the Pacific floor. They could be worth billions of dollars to Western companies, and also increase the West's self-sufficiency in minerals — which is considered a priority after the formation of the OPEC oil producers' cartel. Against this, the developing countries insist that they represent "common heritage of mankind" and that the proceeds belong to all.

The mineral wealth is in the form of so-called manganese nodules, rocks that contain copper, cobalt, manganese and — most important — nickel. Their value at current prices is put at \$3 trillion, and preliminary research in an area west of California (code-named "Clarion Clipperton") has confirmed that they are in sufficient density for commercial exploitation.

Five Consortia

Five international mining consortia have been formed, and so anxious have some governments been to escape OPEC-like squeezes that they have openly subsidized research. The more intransigent Third World has agreed in the Law of the Sea talks that the Western countries have encouraged companies (in the form of tax breaks and open subsidies), and on June 28, just a month before



Eliot Richardson

this last session, President Carter signed into law the Deep Seabed Hard Minerals Act, allowing companies to apply for mining licenses in 1981, and start to recover minerals in 1988.

Eliot Richardson, head of the U.S. delegation, has patiently explained that by then the Law of the Sea Treaty should have been ratified by 60 governments, and insisted that companies need to push ahead with developing technology. Western delegates are demanding "grandfather clauses" in the provisional treaty to give guarantees to the Western companies that sites allocated by the U.S. legislation will not be revoked or taken away when the treaty comes into force.

If these guarantees are not given, U.S. delegates say, then the companies will almost certainly lobby against the treaty in Washington. "If Reagan is elected on a strong business platform, that could sink the treaty," said one observer close to the U.S. delegation.

'Most Unhelpful'

Many developing countries have openly denounced the U.S. legislation as blackmail because it preempts many details yet to be decided, and forces them to accept unilateral legislation that is considered contrary to the spirit of the treaty.

"It might have been understandable if we were still deadlocked, but it's most unhelpful now," said Tommy Koh, Singapore's ambassador at the United Nations in New York, who led informal negotiations on deep-sea mining. Alan Beesley, head of Canada's delegation, openly called the U.S. move "negotiating from the barrel of a gun."

But while Third World spokesmen like Koh now have to persuade their delegations to agree to the U.S. preliminary guarantees, Western delegates like Richardson must persuade the mining companies that the treaty is not too restrictive. This, they concede, will not be easy.

Under the compromise agreed upon here, there will be a system of parallel mining between companies and a "seabed authority." The seabed authority is the international body that will govern deep-sea mining and it will be given help to start mining through its own operating arm. This arm will be able to buy technology, and its first mining site will be underwritten by the West (to the tune of \$1.1 billion). Any company wishing to mine will have to get licenses from the authority, and will propose two adjacent sites. The authority will be allowed to select one of the sites to be mined by its operating arm, and the other will be left for the company to mine. A 15-member

technical commission will decide if a company is qualified to mine. Once a decision has been confirmed by a 36-nation decision-making council, the company can begin mining. But even then it pays a \$500,000 cash and a profit-sharing tax to the sea and any minerals it extracts.

This elaborate machinery emboldens worst fears of many industry representatives. "The potential for mischief is enormous," says one industry official.

There is, in addition, a further concern on the insistence of land-based mineral producers (mainly Zambia, Zaire, Canada), which fear that prices will be depressed and markets closed off once mining begins in earnest — the more the deep-sea consortia are expected to be efficient and heavily subsidized.

Under a formula agreed upon, miners will be allowed to take up all the demand for nickel for five years prior to first commercial mining. Thereafter, not be allowed more than 60 percent.

Denounced

Although this package has already been denounced by company lobbyists as a restrictive, Richardson has emphasized, probably the best deal possible, but what amounts to a Western veto on important council. All key issues will be decided by consensus, and key issues will be major recommendations from the commission. This means that one Western nation will be able to block a contract or overturn a political decision.

"This is a small price to pay for the on the sea floor," said a U.S. spokesman.

In addition, however, Richardson says that the overall package could not require better balance of overall U.S. interests.

Like other major states, the United States has found these interests often conflict in broad sense as a coastal state, the States has an interest in extending its jurisdiction over fish, minerals and the seabed. Against this, however, the United States has watched with concern what is called "creeping jurisdiction," particularly Latin Americans. Within the life of its territorial waters have extended from (traditionally as far as a cannon could fire to 12, and most coastal states now have an "exclusive economic zone" (EEZ) of 200 miles.

A small group of countries, including whose continental shelves extend still have pressed for more. Brazil has demanded an EEZ of 800 miles.

Policy Clashes

This dilemma has made it hard to U.S. policy and has led to a number of policy clashes. The environment, for example, has pressed for tough coastal policies, to fish stocks and prevent oil spills, including the Amoco Cadiz disaster, the asked that coastal states have the power to standards for ship manning, equipment, tanker design, all of which were found to be at fault in the accident.

Against this, however, were the miners, who were concerned about the and arbitrary action by coastal states, possibility of trumped-up charges. "You get arrested for throwing a banana skin board," warned one British delegate.

Also worried by the prospect of too coastal power was the scientific community which wanted access to EEZs for research. In some cases, these conflicts of through individual industries. For years, U.S. shrimp fishermen from Nicaragua and tuna fishermen from San Diego fish heavily off Mexico, lobbied for fishermen to be allowed into EEZs. But men on the East Coast of the United States raised the specter of Russian and Japanese ships in U.S. waters. They blame ships for depleting resources.

What has swayed the United States have been the strategic implications, that "creeping jurisdiction" could impede freedom of navigation for warships, over by planes (as in the Yom Kippur War of when U.S. planes moved over Gibraltar the ability to transport troops rapidly to ble spots through territorial waters and through straits (No fewer than 116 straits narrower than the combined 24 miles of countries' territorial waters, and some of these are vital strategic: Gibraltar, Dover, Malacca and Hormuz).

United in Efforts

Such strategic implications are particularly important in the face of the military threat. Ironically, because the states share the same interest, the United States and the Soviet Union have been united in efforts to preserve freedom of navigation.

The resulting treaty is a subtle — and agonizing — attempt to balance out coastal states, environmentalists will be pleased, coastal states can enforce international laws, and agree that they do not meet the but disappointed that they cannot utilize set them.

This will be done in the London-based intergovernmental Maritime Consultative organization (IMCO), where some developed countries are already arguing that light environmental curbs could be unduly expensive.

Equally, the scientific community will be relieved that scientists will be able to do research in the EEZs of others, but they have to demonstrate that the research is useful, and also share the results with the involved.

Free Passage

Most important for the United States, ships will be allowed free passage through its, archipelagos and territorial waters — out asking prior permission — as long as they are engaged in "innocent passage." Over by planes, too, will be allowed.

U.S. delegates predict that such navigational freedom could well prove a useful tool for candidates in the presidential election, with fence a big issue. President Carter, they could find that it fits neatly with the new cy of rapid deployment of troops to new spots like the Middle East.

Even more interesting, however, will be effect on Ronald Reagan, as candidates maybe even as president. While his defense views might favor the treaty, his ties with business might oppose it as being too restrictive to deep-sea miners. It could prove a fascinating pull between two basically conservative reflexes, and one that may decide whether not order can be brought to three quarters of the earth's surface.

Cigar Trade Assisted by Refugees

MIAMI (UPI) — The influx of refugees by sea from Cuba has brought needed skills to Miami's cigar industry.

Operators of the small cigar factories were giving up and moving to Central America for lack of competent rollers. Now there are so many that "no jobs available" signs have appeared on the doors of cigar companies.

The art of cigar-making has been passed from father to son, but in recent years in the United States, young persons have not been interested in learning the trade. A part-time job in a supermarket pays more.

Although cigar rollers make little more than the minimum wage, the Miami industry is ideal for Cuban-trained tobacco workers, who are eager to find jobs — at whatever the wage.

"I think it's going to be a very good future," said Mike Druckman, of Encantada Industries.

Shadow Government

Ostensibly the town government is in the hands of a four-man committee of elders elected by the community, but the young people interested in learning the trade, the community promptly named in honor of Selahit Hoku, the first villager to die in the clash with police in 1977.

The government also built a concrete police station on the edge of town. From there the gendarmes, in the absence of the police, who have given up the area, send out their patrols in the streets, showing the government flag and painting over the inflammatory political graffiti that keeps reappearing on the village's whitewashed walls by night.

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BUSINESS NEWS BRIEFS

Toyota Still Study Joint Output

Sept. 3 (AP-DJ) — A team of officials from Ford and Toyota will hold product meetings later this month in a continuing effort to frame a joint U.S. production agreement, disclosed by top Ford executives gathered here for a much ceremony, is the latest in an intensifying series of talks between the No. 2 U.S. automaker and the big Japanese producer.

Executive vice president of North American auto operations believes a production arrangement with Toyota has the potential for huge costs for engineering, plant retooling and producing a new small car faster than if Ford were to do it itself.

With Toyota involve product planning specialists who some of Ford's product plans to see where a Toyota could fit into Ford's lineup. Ford officials earlier rejected a plan because the car Toyota wanted to build in the U.S. could have competed with a redesigned compact car that Ford officials also insist that any joint output would be 500,000 to 600,000 units a year, more than double the offer, which would involve two Ford assembly plants out of \$300 million to \$400 million in which Toyota, its Japanese affiliate, Toyo Kogyo, might share, Mr.

Steco Opposes Takeover Bid

Sept. 3 (AP-DJ) — Royal Trustco directors voted unanimously to oppose a \$34.4 million takeover bid by Campeau Corp., a real estate developer. Royal Trustco is the holding company for Steco, Canada's largest steel company.

The EEC commission said that Du Pont, Monsanto and Eastman Kodak, whose non-textured yarn was hit by Monday's decision in Brussels, had refused to provide information on their costs or profits. A Monsanto spokesman said his company did not supply any cost data because it did not consider this "pertinent."

Europeans say that the United States gains a trade advantage in exporting synthetic fibers because of controls on domestic oil prices. But U.S. officials say that this advantage is relatively modest, and factors such as advanced technology, higher capacity utilization, economies of scale and currency relationships also play a role.

Not Unexpected

U.S. officials said the European action was not unexpected. "We have been in contact with them [EEC executive commission members] several times," an administration official said, "and as far as we know they have followed procedures in this case consistent with international rules."

The order imposing the new duties had not yet been received in Washington, or by the U.S. companies named in the action, but officials said they doubted that the United States would formally protest the European move.

"It's a relatively narrow case," said a congressional staff member who follows trade cases, "and it should be able to be contained."

But not all analysts were as optimistic as government officials in assessing the importance of the commission's action. William Rogers, a former under secretary of state for economic affairs, said that trade in synthetic fibers and other chemical products is "spiraling downward in a very nasty way."

He said that he was concerned that the EEC was proceeding in "too rigid" a way and was not devoting enough time in searching for "mutually satisfactory solutions to common problems."

Linkage Fears

There are fears of political linkage in which the EEC action on fibers would spill over into actions the United States takes on trade issues such as autos and steel.

Robert Hormats, deputy special trade representative, said the Western trading partners were making an effort "not to link cases," but rather "to deal with each on its merits."

U.S. Steel Corp. has formally accused European steelmakers of "dumping" of products below the cost of production, giving the seller an unfair advantage in the export market.

The European steelmakers are strongly contesting the action, and according to Commerce Department officials are cooperating with the United States in providing data that U.S. officials require in their investigation.

Danes Find Oil, Gas

COPENHAGEN, Sept. 3 (AP) — The Danish Underground Consortium announced today that it has found traces of oil and natural gas at a drilling site in South Jutland, the first signs of oil under the Danish mainland.

Wall Street investment bankers had speculated that to outflank Wheelabrator, McDermott could make a cash bid for any and all of Pullman's shares, buy enough shares on the open market to block a Wheelabrator-Pullman tie, or raise its offering price to compete with Wheelabrator. McDermott chose the latter course and now has been outbid in return.

Wheelabrator's

in oil rig and systems builder, peddled the earlier offer by upping its 43.50 a share for common shares

lay sued McDermott's offer to Pullman's stock, said that McDermott's offer expires Sept. 12,

or Venezuela

T. Sept. 3

Venezuela has a credit of 350 from a group of banks, lead manager

idesbank said tozes said the funds up an issue of notes, or

id may carry an rate of 8.65 per-

U.S. Accepts Penalty Duty From EEC

Officials Try to Limit Mounting Tensions

By Clyde H. Farnsworth

WASHINGTON, Sept. 3 (NYT) — U.S. government trade officials yesterday sought to contain tensions arising from the imposition of penalty duties by the European Economic Community on fast-growing imports of U.S.-produced polyester yarn.

One of the companies accused of competing unfairly against the Europeans — Du Pont — said it would deny the accusation. A spokesman said that Du Pont was preparing a statement pointing to its relatively modest exports to Europe and noting that it had cooperated "extensively" with EEC authorities in their investigation of the alleged dumping.

The EEC commission said that Du Pont, Monsanto and Eastman Kodak, whose non-textured yarn was hit by Monday's decision in Brussels, had refused to provide information on their costs or profits. A Monsanto spokesman said his company did not supply any cost data because it did not consider this "pertinent."

Europeans say that the United States gains a trade advantage in exporting synthetic fibers because of controls on domestic oil prices. But U.S. officials say that this advantage is relatively modest, and factors such as advanced technology, higher capacity utilization, economies of scale and currency relationships also play a role.

Not Unexpected

U.S. officials said the European action was not unexpected. "We have been in contact with them [EEC executive commission members] several times," an administration official said, "and as far as we know they have followed procedures in this case consistent with international rules."

The order imposing the new duties had not yet been received in Washington, or by the U.S. companies named in the action, but officials said they doubted that the United States would formally protest the European move.

"It's a relatively narrow case," said a congressional staff member who follows trade cases, "and it should be able to be contained."

But not all analysts were as optimistic as government officials in assessing the importance of the commission's action. William Rogers, a former under secretary of state for economic affairs, said that trade in synthetic fibers and other chemical products is "spiraling downward in a very nasty way."

He said that he was concerned that the EEC was proceeding in "too rigid" a way and was not devoting enough time in searching for "mutually satisfactory solutions to common problems."

Linkage Fears

There are fears of political linkage in which the EEC action on fibers would spill over into actions the United States takes on trade issues such as autos and steel.

Robert Hormats, deputy special trade representative, said the Western trading partners were making an effort "not to link cases," but rather "to deal with each on its merits."

U.S. Steel Corp. has formally accused European steelmakers of "dumping" of products below the cost of production, giving the seller an unfair advantage in the export market.

The European steelmakers are strongly contesting the action, and according to Commerce Department officials are cooperating with the United States in providing data that U.S. officials require in their investigation.

Danes Find Oil, Gas

COPENHAGEN, Sept. 3 (AP) — The Danish Underground Consortium announced today that it has found traces of oil and natural gas at a drilling site in South Jutland, the first signs of oil under the Danish mainland.

Wall Street investment bankers had speculated that to outflank Wheelabrator, McDermott could make a cash bid for any and all of Pullman's shares, buy enough shares on the open market to block a Wheelabrator-Pullman tie, or raise its offering price to compete with Wheelabrator. McDermott chose the latter course and now has been outbid in return.

Wheelabrator's

in oil rig and systems builder, peddled the earlier offer by upping its 43.50 a share for common shares

lay sued McDermott's offer to Pullman's stock, said that McDermott's offer expires Sept. 12,

or Venezuela

T. Sept. 3

Venezuela has a credit of 350 from a group of banks, lead manager

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id may carry an rate of 8.65 per-

Economists Expect Slow U.S. Recovery

By Thomas C. Hayes

NEW YORK, Sept. 3 (NYT) — In a post-Labor Day assessment of the U.S. economic outlook, many leading private economists share the view that recession will continue through the fall.

They note that occasional signs of a recovery, such as last week's record jump in the government's index of leading indicators, are likely. But, pointing particularly to spending caution — which they tie to volatile interest rates — they add that the evidence remains stacked against a quick resurgence.

"The recession is still with us and will continue on for most of the year," said Robert Ferrari, chief economist of the Prudential Insurance Company of America.

Steven Dobson, senior economist with the Bank of America, added: "Certainly we've seen the worst in the rate of decline, and we're near the turning point. But we don't expect the real GNP to turn positive until the first quarter of 1981."

Gloomy Forecasts

Most business economists see unemployment continuing to rise, consumer spending settling back to a flat rate after a spurt in June and July and little growth in investments in new plants and equipment by businesses through much of the fall.

"Signs of recovery will be in the air," remarked Michael Evans, president of Evans Economics. "But I see inflation getting worse and interest rates going higher."

With few exceptions, economic forecasters agree that the decline in business activity that officially began in April will probably continue through December. The second quarter's drop in the output of goods and services, the gross national product, was an inflation-adjusted 9.4 percent, the worst for any three-month period in the post-World War II era.

For the third quarter, a forecast of further 5-percent drop in the real GNP, by Chase Econometrics, is the most pessimistic among a half-dozen estimates obtained by The New York Times. Mr. Evans' prediction of a 1.6-percent decline was the least gloomy.

Consumer Caution

A major factor in the pessimistic forecasts is apparent caution among consumers. Consumer spending represents about two-thirds of the GNP.

"It's hard to believe the consumer can lead the economy in a surge ahead," Mr. Ferrari said. "August certainly seems to have been a relatively dull month, with auto sales much more lackluster. Rising interest rates will put some pause in the housing improvement we have seen."

Consumers have been rebuilding savings from record-low levels earlier this year. Moreover, total income has been falling as unemployment grows.

"When you look at the inflation rate, and little or no growth in

(Continued on Page 9, Col. 2)

Wall St. Extends Rally On Hope Rates Easing

From Agency Dispatches

NEW YORK, Sept. 3 — Institutional investors, hopeful interest rates have leveled off, pushed stock prices sharply and broadly higher in active trading on the New York Stock Exchange today.

The Dow Jones industrial average, which jumped 8.19 points yesterday, jumped 12.38 points to 953.16 — its best gain since a 13-point rise Aug. 14. The closely watched average lost 25.60 points last week, but has almost recouped that in the past three sessions.

Advances far outnumbered declines, four to one, as the ticker tape ran a minute late at the bell. Volume expanded to 52.37 million shares from 35.39 million yesterday.

Prices were higher in active trading of American Stock Exchange issues. Analysts said the increase in volume and the large number of big blocks traded indicated institutions were participating in this rally. A major factor behind the rally was the belief that short-term interest rates have dropped and that the Federal Reserve was easing its hold on credit.

However, today the Fed drained money from the banking system, an indication it is tightening a bit. Yesterday, it had pumped money into the system.

Many of the institutions also were active because prices have declined from high levels established during the spring-summer rally that began in mid-April. Money managers just do not want to be left out of a major move.

Pullman was a standout, climbing 6 1/2% to 47 1/2%. Wheelabrator-Frye raised its bid for Pullman to \$52.50, topping McDermott's bid of \$43.50. Wheelabrator lost 1 1/4% to 47 1/4% and McDermott added 3/4% to 28 1/4%.

American Telephone & Telegraph, a 1 1/4-point winner yesterday, gained 3/4% to 55 1/4%. Congress is close to approving a bill that will allow AT&T to compete in the

data transmission field and analysts are optimistic about the success of the new operation.

Entertainment and hotel shares advanced. Ramada Inns rose 1 1/4% to 10 1/4% after a rise of 1 1/4% in August. In July, the Labor Office in Nuremberg said, the third consecutive month that unemployment has risen. The unemployment rate remained at 3.7 percent of the working population.

The number of workers on short time dropped by more than half to 42,672, but total job vacancies were also down just over 11,000 to 323,775.

Josef Stiglitz, president of the federal labor institute, said that he expects the employment situation in coming months will remain strained. He predicted a slight seasonal improvement in September to be followed by a difficult fourth quarter in which the jobless total will "very likely" surpass one million.

And in Frankfurt, the Bundesbank reported that the current-account deficit widened from June's

U.S. Sees Current Deficit

ALPBACH, Austria, Sept. 3 (AP-DJ) — The United States probably will not score a current-account surplus for 1980 after all.

The disclosure that hopes have been dashed by higher oil import bills was made indirectly by Richard Cooper, under secretary of

state for economic affairs, at an economic seminar here.

In welcoming the current-account deficits of West Germany and Japan, Mr. Cooper commented that "in a sense, the United States almost has too small a deficit."

The current account measures the outcome of trade in goods and services, including income from investments abroad, and such "unilateral transfers" abroad as foreign aid.

Official and private U.S. economists in recent months had been bailing a presumed return to surplus on the account as enhancing chances for a stable dollar on foreign-exchange markets. But in an interview, Mr. Cooper said the administration's initial forecast of a \$5-billion surplus has given way to a deficit, although most likely a modest one.

After a \$788-million 1979 deficit followed far bigger ones in previous years, the red ink deepened to \$2.5 billion in the first quarter.

The still-unpublished result for the second quarter was "probably not much better," he said, expressing doubt that any surplus that might materialize in the third and fourth quarters would be enough to put 1980 as a whole in the black.

Defending such deficits, Mr. Cooper said that the "sharp rise in oil prices has made obsolete a large part" of the capital equipment in the industrial countries. "It makes sense for the short time," he asserted, for them to borrow from the "savings" amassed by the oil states and invest it in more energy-efficient plants.

While agreeing that rich country borrowing puts less strain on money markets than does poor country borrowing, it "seems very ironic" that they should thus "be allowed to maintain a higher standard of living" that way, complained Geoffrey Maynard, economics director at Chase Manhattan's London branch. For a country to have a current-account deficit "simply means its domestic saving is insufficient to finance its domestic investment," he said.

Joining the attack, Harold Rose, economic adviser at Barclays Bank in London, said a small deficit is acceptable, but when a rich country has a current-account deficit bigger than its oil gap, "it is absorbing real resources from the rest of the world," thus avoiding "sacrifices" that get shunted to the poor countries.

Mr. Cooper countered that in the short run, extra capital investment in an industrial country is apt to be more productive than that put in a poor country, and that in the long run, they will benefit indirectly anyway from industrial countries being in better economic shape.

Financial problems would be "very much more acute" he said, if West Germany and Japan ended their deficits and pushed members of the Organization of Petroleum Exporting Countries to lend their estimated \$110 billion to \$120 billion surplus this year to "very much weaker" poor countries. The way deficits are parceled out now, he added, is "a favorable argument for exchange rate stability."

Mixed Economic Signals Reported in W. Germany

From Agency Dispatches

BONN, Sept. 3 — West Germany reported a mixed bag of economic indicators today. Industrial production in July rose, unemployment in August continued to climb and the current-account deficit widened in July to 5.18 billion Deutsche marks.

The government barred any moves to stimulate the economy despite the key indicators showing continued economic weaknesses.

Following today's Cabinet session, the government spokesman declared that there was no need to introduce extra programs to stimulate the economy.

He noted that a new 16-billion DM tax relief program would take effect starting in 1981, effectively freeing 14 billion DM for spending in the next year.

The Cabinet also does not see any need for the Bundesbank to reduce its key lending rates, he said. The discount rate, at which banks can borrow from the Bundesbank using bills as collateral, stands at a record 7.5 percent.

On a seasonally adjusted basis, the July industrial production index was up 1.5 percent from June, but declined nearly 2.4 percent from July, 1979. The preliminary index stood at 124 (with 1970 equal to 100) compared with a June index of 122 and a July, 1979 index of 127.

The Economics Ministry reported that overall production in the June-July period fell 2.5 percent from a year ago with output of the manufacturing industry down 2 percent, the construction industry off 8.5 percent and production in the mining industry unchanged.

Output of the important capital goods sector slipped 0.5 percent in June-July from the preceding April-May production but was up 0.5 percent from the comparable 1979 period.

Unemployment rose 11,442 in August to 864,519 after a rise of almost 72,000 in July, the Labor Office in Nuremberg said, the third consecutive month that unemployment has risen. The unemployment rate remained at 3.7 percent of the working population.

The number of workers on short time dropped by more than half to 42,672, but total job vacancies were also down just over 11,000 to 323,775.

Josef Stiglitz, president of the federal labor institute, said that he expects the employment situation in coming months will remain strained. He predicted a slight seasonal improvement in September to be followed by a difficult fourth quarter in which the jobless total will "very likely" surpass one million.

And in Frankfurt, the Bundesbank reported that the current-account deficit widened from June's

3.16 billion DM and also topped the deficit of 2.44 billion DM in the year-ago month.

The overall balance of payments registered a surplus of 1.215 billion DM in July, down from the surplus of 2.214 billion DM in June and 2.695 billion DM in the year-ago month, the central bank reported in Frankfurt.

The overall balance of payments for the first seven months was in deficit by 14.816 billion DM, up from a deficit of 8.81 billion DM in the first seven months of 1979.

The current-account deficit for the first seven months totaled 17.422 billion DM, sharply widened from a deficit of 2.602 billion DM in the year-earlier period.

However, Bundesbank analysts noted that seasonal factors played a major role in the sharp widening of the current-account deficit. Seasonally adjusted, the deficit would have totaled about 2.5 billion DM in July in comparison with a monthly average deficit of about 2.25 billion DM during the first half.

In other economic news, government spokesman Armin Gruenewald said the Cabinet approved today an extraordinary outlay of 246 million DM for up to 600,000 metric tons of crude oil to raise official West German oil reserves to 7 million tons.

He reported that the Cabinet acted on a proposal by Finance Minister Hans Matthöfer, who wanted to make use of the current relatively low oil prices to increase oil held in official storage. Current official oil reserves total 6.4 million tons. The government plans to ultimately raise this to 8 million tons.

In Frankfurt, interest rates rose further today with a new offering of notes, or schuldenscheine, on the domestic market yielding 8.20 percent, market sources said.

This represents the third major offering of notes in the last four trading days in a succession that has pushed yields up from 8.05 percent on Friday to the current level.

The new issue has been launched by Kreditanstalt fuer Wiederaufbau, a central credit institute. The new offering is denominated in maturities between four and 10 years, sources said.

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Chrysler Cutbacks Yield Slow Returns

Sept. 3 (AP-DJ). — Chrysler's sweeping program is taking shape in quarterly reports, expected, Gerald Greenwald, Chrysler's chief financial officer, has confirmed.

Mr. Greenwald said the automaker is making additional cutbacks in the consolidation of some staffs, possible other drastic measures at the beginning of next year's work. Chrysler has been roughly 50 percent, large Chrysler's operations and nearly a dozen

Economists See Slow Recovery From Recession

(Continued from Page 7)

income, discretionary income will continue to be weak," said Lawrence Chimerine, chief economist of Chase Econometrics. "There is no way you can get a strong recovery without a strong recovery in consumer spending."

The consumer savings rate stood at 4.7 percent of total income in July, Donald Ratajczak, director of the economic forecasting group at Georgia State University, said that percentage was likely to continue rising in the coming months.

Interest Rates

High interest rates, as last spring's swift climb to a 20-percent prime lending rate illustrated, dampened consumer spending and business investment. The prime rate, at 11 1/2 percent at most major banks, has edged upward from a 10 1/2 percent in early August. Many analysts fear a further increase will push the recession deeper than expected.

Allen Sinai, senior economist at Data Resources Inc., said the prime rate probably would reach 12 percent "within the next few weeks." Rates are likely to fall again in October, he said.

The economists indicated that the volatility and apparent conflicts in the economic data appeared to be a hallmark of this particular recession. Figures in the months ahead should be read with a long-term perspective, the economists cautioned.

Many economists say the chief reason for the mixed signals is the Federal Reserve's policy, enacted last October, of allowing interest rates to fluctuate according to market pressures, while it focuses on controlling the money supply. Sustained moderate interest charges are considered essential for a recovery and previously the Fed entered the credit markets actively to control interest rates.

Many economists also noted that the unexpected burst in consumer spending in June and July was, in part, a reaction to the ending of credit controls by the Fed.

asked also confirmed Chrysler officials are road-based negotiators of Mitsubishi of Japan over possible commercial and

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Weekly net asset value

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On January 1, 1980: U.S. \$66.42
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DUBAI CONFERENCE - 1980

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CONFERENCE WILL BE HELD ON
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by Sheikh Hamdan bin Rashid Al Maktoum, Minister of Finance of the United Arab Emirates, is sponsoring and acting as Honorary first of a series of conferences to be held annually in Dubai, October 17 and 18, 1980.

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Japan Moves To Reopen Soviet Credit

Funds Set for Projects In Timber, Coke Coal

TOKYO, Sept. 3 (AP-DJ). — The Japanese government has decided to reopen credits to the Soviet Union for joint development of natural resources in Siberia, an official of the Ministry of International Trade and Industry said today.

He said the government made the decision because the projects are necessary for the country to secure stable sources of coal and lumber.

Following the Soviet intervention in Afghanistan, Tokyo largely suspended loans to Moscow to express its displeasure. The official said that Japan has been in contact with the United States on the economic sanctions, but has concluded "that providing the credit for the projects can be safely excluded from those economic measures."

In June, the government, on similar grounds, approved credit for wide-diameter steel pipe exports to the Soviet Union.

Coal and Timber

The official said the credit involves the development of coking coal in southern Yakutsk and forestry resources in Siberia. The Export and Import Bank of Japan had been scheduled to provide \$40 million in credit to the Soviet Union for the coal development project, but negotiations have remained stalled since this spring due to the intervention in Afghanistan. The final round of negotiations is expected to begin this fall.

The official stressed, however, that Japan's basic policy to continue the economic sanctions will remain unchanged.

Today's credit approval followed a statement last week by Soviet leader Leonid Brezhnev that his country was prepared to continue its efforts to develop economic and other relations with Japan. The remarks were interpreted in Japan as signaling Moscow's desire for the easing of the sanctions and for closer cooperation between the two countries.

Japanese industry has been pressuring the government for a change of policy out of fear that Japan may lag behind other countries in exports to the Soviet Union if it strictly adheres to the sanction policy. Japan's competitors in Europe, especially France and West Germany, are reported to have been stepping up their exports to the Soviet Union.

Bolivia Loan Terms

NEW YORK, Sept. 3 (Reuters). — Bolivia has signed an agreement with 97 international banks to extend the payment dates of foreign debts totaling \$172 million until January, 1981, the Bank of America said today.

No new money will be advanced under the agreement.

Mexico Reports Oil, Gas Reserves Rise 20%

By Alan Riding

MEXICO CITY (NYT). — Mexico's proven oil and natural gas reserves have risen 20 percent from 50 billion to 60.1 billion barrels over the past six months, President Jose Lopez Portillo has announced.

In his annual state of the union address, Mr. Lopez Portillo noted Monday that Mexico's proven reserves now ranked sixth in the world, while, with daily oil output exceeding 2.3 million barrels, the country was the world's fifth largest producer.

But he nevertheless reiterated his policy of leveling off oil production at around 2.7 million barrels a day next year and holding it at that level until he leaves office in December, 1982.

He also warned that Mexico was being "inefficient and wasteful" with its oil resources and he called for "careful rationalization and more responsible use of the fuel," hinting that low domestic oil prices may shortly be revised for the first time in four years.

Mr. Lopez Portillo said the country had a further 38 billion barrels of "probable" reserves, while its total "potential" reserves have risen from 200 billion to 250 billion barrels since March this year, due largely to dramatic new off-shore finds in the Bay of Campeche.

Mexico is unusual in issuing estimates of total hydrocarbon — oil and natural gas — reserves rather than just of oil. Around two-thirds of its hydrocarbon reserves are believed to comprise crude oil, giving the country current proven oil reserves of 40 billion barrels.

Mr. Lopez Portillo also said that Mexico's economy was growing by an unprecedented 8 percent a year, but he recognized that this was being accompanied by strong inflation provoked by production bottlenecks, high government spending and low food output as well as imported factors.

He defended his decision to maintain a high growth rate despite the inflation, arguing that 1.8 million new jobs were created between 1977 and 1979 and, for the first time in memory, employment was growing faster than the population.

Offering a guideline for future wage negotiations, Mr. Lopez Portillo announced a salary increase averaging 25 percent for the majority of government workers. Inflation

Pirelli Denies Report Of Talks on Dunlop

MILAN, Sept. 3 (AP-DJ). — Pirelli S.p.A., the principal holding company of the Pirelli tire and rubber group, today denied reports that it held talks with Malaysian investors who are said to be buying up shares of Pirelli's U.K. partner, Dunlop Holdings.

"No encounter ever took place between Pirelli and alleged Malaysian purchasers of Dunlop shares," the company said, adding that "any inference regarding Pirelli's attitude is, under actual circumstances, without foundation."

this year is expected to approach 30 percent.

Exchange Reserves

NEW YORK, Sept. 3 (Reuters). — Mexico plans to continue increasing the portion of its foreign

GM's Eurobond Set 11% Coupon

LONDON, Sept. 3 (Reuters). — General Motors Overseas Finance NV has raised \$100 million through a deferred purchase Eurobond, sole underwriter Credit Suisse First Boston said today.

The five-year issue carrying a coupon of 11 percent was completed as a private placement in mid-August, bond market sources said. The issue was guaranteed by General Motors Corp., with 25 percent paid and 75 percent due next April 1.

In Frankfurt, market sources said that Brazil's atomic energy agency, Empresa Nuclear Brasileira, Nuclebras, is going ahead with plans to float a Eurobond, but the amount has been cut to 100 million Deutsche marks and the coupon raised to 9 1/2 percent.

A deterioration of conditions in the market led to reconsideration of the terms, they said. Originally a coupon of 9 1/2 percent was discussed for a 120 million DM issue.

European Gold Markets

September 3, 1980

	A.M.	P.M.	N.C.
London	236.70	236.75	-2.25
Zurich	237.00	237.00	-2.50
Paris (12.15 till)	237.84	237.16	+0.91

Official morning and afternoon bid and ask prices for London and Paris, opening and closing prices for Zurich.

U.S. dollars per ounce.

Gold Options (prices in \$/oz.)

Strike	28 Nov. 80	26 Feb. 81	Options for
450	22.00-27.00	44.00-49.00	May 1981
500	22.00-26.00	25.00-40.00	Sept. 80
550	15.00-19.00	25.00-32.00	Sept. 80
600	11.00-15.00	27.00-32.00	3 Nov. 80
700	8.00-11.00	25.00-25.00	

Gold futures 69.00-69.00

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The undersigned announces that as from September 15th, 1980, at Kas-Associatie N.V., Spierstraat 172, Amsterdam, A.F., sp. n. 26 of the CBS Inc., each representing 10 shares, will be payable with Dfls. 11,27 net (div. per record-date 30-5-80; gross \$-70 p. share) after deduction of 15% U.S.A.-tax (= \$1.05 = Dfls. 1.99 per share).

Div. exp. belonging to non-residents of The Netherlands will be paid after deduction of an additional 15% U.S.A.-tax (= \$1.05 = Dfls. 1.99, with Dfls. 10.28 net.

AMSTERDAM DEPOSITORY COMPANY N.V.

Amsterdam, August 26th, 1980.

exchange reserves that it holds in precious metals, says the deputy director on the international division of the Banco de Mexico.

Carlos Ruiz said, "We are confident in gold and silver so we try to increase our holdings of them as much as possible." He added that the bank believes the present value of silver "is cheap."

Mr. Ruiz said that as of June 15, Mexico's primary foreign exchange reserves amounted to \$3.45 billion

— 23.3 percent in gold, 5.5 percent in silver, 5.5 percent in special drawing rights, 1.2 percent as an

IMF currency position and the rest in dollars, marks, Swiss francs and yen. Its secondary exchange reserves, including swap arrangements with central banks, amounted to \$2.67 billion.

Mr. Ruiz said he expected Mexico's net public external borrowing to amount to about \$3 billion in 1980, the same as in 1978 and 1979. Total external borrowing will depend on how much the unregulated private sector of the economy borrows abroad, he said.

Two or three more borrowings are planned for the rest of the year, including some bond offerings.

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U.S. \$50,000,000.00
FLOATING RATE NOTES
DUE 1983

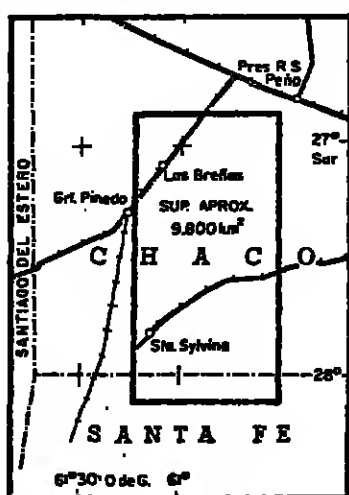
For the six months, August 28, 1980 to February 26, 1981, the notes will carry an interest rate of 13 1/2% per annum.

The interest due February 27, 1981 against coupon of 6 will be U.S. \$68.94 and has been computed on the actual number of days elapsed (183) divided by 360.

The Principal Paying Agent
SOCIETE GENERALE
ALSACIENNE DE BANQUE
15 Avenue Emile Reuter
LUXEMBOURG.

YPF RISK CONTRACT

Call for bids contracting hydrocarbons exploration development and exploitation works (Law N° 21.778), according to the following detail:



TENDER N°	AREA	OPENING DATE
14-046/80	"LAS BRENAS", Noroeste Basin, Provincias de Chaco y Santa Fe	March 2nd, 1981 at 10:00 a.m.

• Tender condition set value: The equivalent of u\$s 15,000.- In Argentine pesos, payable according to the seller rate of the Banco de la Nación Argentina in force on the day before the purchase.

• Opening of the bids will take place at the "General Belgrano" Hall, N° 777 Roque Sáenz Peña Avenue, 13th floor, at the above mentioned time.

• The parties interested in bidding in this tender can buy Special end General Conditions of Tender at the GERENCIA DE LICITACIONES Y NEGOCIACIONES, Suite 832, 8th floor, at 255 Esmeralda Street, Buenos Aires, Mondays through Fridays from 08:45 to 12:30 a.m. and from 02:15 to 03:15 p.m. as from August 5th, 1980.

• Information about this tender can also be obtained at our Technical and Commercial Office in the U.S.A. Yacimientos Petroliferos Fiscales Soc. del Estado, 5 Greenway Plaza, Suite 210, Houston Texas.

YACIMIENTOS PETROLIFEROS FISCALES
SOCIEDAD DEL ESTADO
REPUBLICA ARGENTINA



All of these securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE

1,500,000 Shares

NICOR Inc.

Common Stock

(Par Value \$5)

Merrill Lynch White Weld Capital Markets Group

Merrill Lynch, Pierce, Fenner & Smith Incorporated

Bache Halsey Stuart Shields
Incorporated

Dillon, Read & Co. Inc.

E. F. Hutton & Company Inc.

L. F. Rothschild, Unterberg, Towbin

Warburg Paribas Becker
A. G. Becker

Bacon, Whipple & Co.

Thomson McKinnon Securities Inc.

Bateman Eichler, Hill Richards
Incorporated

The Illinois Company
Incorporated

Moseley, Hallgarten, Estabrook & Weeden Inc.

Piper, Jaffray & Hopwood
Incorporated

Tucker, Anthony & R. L. Day, Inc.

Algemene Bank Nederland N.V.

Morgan Grenfell & Co.
Limited

The First Boston Corporation

Donaldson, Lufkin & Jenrette
Securities Corporation

Kidder, Peabody & Co.
Incorporated

Salomon Brothers

Wertheim & Co., Inc.

Alex. Brown & Sons

A. E. Ames & Co.
Incorporated

Dain Bosworth

Ladenburg, Thalmann & Co. Inc.

Nomura Securities International, Inc.

Prescott, Ball & Turben

The Robinson-Humphrey Company, Inc.

Wheat, First Securities, Inc.

Julius Baer International
Limited

Norddeutsche Landesbank
Girocentral

Bear, Stearns & Co.

Drexel Burnham Lambert
Incorporated

Lazard Frères & Co.

Shearson Loeb Rhoades Inc.

Dean Witter Reynolds Inc.

Arnhold and S. Bleichroeder, Inc.

F. Eberstadt & Co., Inc.

McDonald & Company

McLeod Young Weir Incorporated

Oppenheimer & Co., Inc.

Rotan Mosle Inc.

Wood Gundy Incorporated

Banque Nationale de Paris

Goldman, Sachs & Co.

Lehman Brothers Kuhn Loeb
Incorporated

Smith Barney, Harris Upham & Co.
Incorporated

Blunt Ellis & Loewi
Incorporated

A. G. Edwards & Sons, Inc.

Robert W. Baird & Co.
Incorporated

Eppler, Guerin & Turner, Inc.

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